



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-3000

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MEMORANDUM FOR DEPUTY ASSISTANT CHIEF OF STAFF FOR INSTALLATION
MANAGEMENT OF THE ARMY
DIRECTOR, MANPOWER AND ORGANIZATION
OF THE AIR FORCE
DIRECTOR, STRATEGIC SOURCING, OFFICE OF THE ASSISTANT
SECRETARY OF THE NAVY (INSTALLATIONS AND ENVIRONMENT)
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Baseline Costing for Public-Private Competitions

The Office of Management and Budget Circular (OMB) Number A-76, Performance of Commercial Activities, May 29, 2003 includes a requirement to calculate baseline costs during the preliminary planning for a public-private competition. Standardization of baseline costing is critical to the Department's Competitive Sourcing Program to increase the fairness and transparency of our public-private competitions and to determine estimated savings with consistency across the Department. Therefore, DoD Components shall calculate Preliminary Planning Baseline costs and Adjusted Baseline costs in accordance with the attached guidance on "Baseline Costing for Public-Private Competitions" using COMPARE Version 2.1. This policy applies to all competitions performed under the revised Circular but specifically in the following cases:

- a. For public-private competitions that are in preliminary planning and public announcement is pending.
- b. For in-progress public-private competitions under the revised Circular, DoD Components shall calculate and certify Adjusted Baseline Costs and comply with paragraphs 5.5. and 5.6. An in-progress public-private competition is defined as a standard or streamlined competition with a start date and a pending end date. (Start and end date are defined in Attachment D to the revised Circular.)
- c. For completed public-private competitions under the revised Circular, DoD Components shall calculate and certify Adjusted Baseline Costs and comply with paragraphs 5.5 and 5.6. A completed public-private competition is defined as a standard or streamlined competition with a start date and an end date. (Start and end date are defined in Attachment D to the revised Circular.)

For further assistance, please contact Mrs. Annie L. Andrews at (703) 602-2608 or Annic.Andrews@osd.mil.

Joseph K. Sikcs
Director, Housing and Competitive Sourcing

Attachment



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- REFERENCES:** (a) Office of Management and Budget Circular Number A-76, Performance of Commercial Activities, May 29, 2003¹
(b) DoD A-76 Costing Manual, March 14, 2001

1. PURPOSE. This Department of Defense (DoD) Baseline Costing policy provides the Department's single, standardized method to estimate baseline costs for public-private competitions performed in accordance with reference (a) (hereafter referred to as "the Circular"). Baseline costs estimate all costs associated with and necessary to provide all of the requirements for the commercial activities identified in the scope of a public-private competition. These commercial activities may be performed by government personnel, private sector contractors under a service contract, public reimbursable sources under fee-for-service agreements, or any combination of these sources. DoD Components shall comply with this baseline costing policy to ensure DoD uses a single, standardized method for calculating baseline costs for public-private competitions (i.e., standard competitions, streamlined competitions).

2. APPLICABILITY. This guidance applies to standard and streamlined competitions performed in accordance with the Circular by the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities of the Department of Defense (hereafter referred to collectively as "the DoD Components").

3. DEFINITIONS. Terms and definitions used in this guidance are consistent with the Circular. Terms not used in the Circular are defined in enclosure 1.

4. POLICY. The DoD Components shall:

4.1. Develop two separate baseline costs for each public-private competition: (a) Preliminary Planning Baseline Costs and (b) Adjusted Baseline Costs in accordance with paragraph 5.1.

4.2. Calculate the Preliminary Planning Baseline Costs and Adjusted Baseline Costs in accordance with the Circular, the DoD A-76 Costing Manual (reference (b)), and paragraph 5.2. When the DoD A-76 Costing Manual differs from the Circular, the Circular takes priority unless the DoD policy is necessary to comply with DoD statutory obligations.

4.3. Document the Preliminary Planning Baseline Costs and Adjusted Baseline Costs using two separate COMPARE files independent of the agency cost estimate in accordance with paragraph 5.3.

¹ www.omb.gov

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4.4. Certify the Preliminary Planning Baseline Costs in the Preliminary Planning Baseline Costs Report (BCR) (Enclosure 2) and the Adjusted Baseline Costs in the Adjusted BCR (Enclosure 3) in accordance with paragraph 5.4.

4.5. Report the Preliminary Planning Baseline Costs and Adjusted Baseline Costs in the DoD Commercial Activities Management Information System (DCAMIS) in accordance with paragraph 5.5.

5. PROCEDURES.

5.1. DEVELOPING BASELINE COSTS.

5.1.1. **Baseline Cost Estimate.** DoD Components shall develop the following two separate and distinct Baseline Cost Estimates.

5.1.1.1. **Preliminary Planning Baseline Costs.** Preliminary Planning Baseline Costs shall be based on the decisions (e.g., scope of and grouping for competition) made during the preliminary planning for a public-private competition. Prior to the start date (i.e., public announcement) of a public-private competition, a DoD Component shall create a COMPARE file to develop, calculate, and document the Preliminary Planning Baseline Costs as of the start date of the competition, which are certified on the Preliminary Planning BCR. Changes to a certified Preliminary Planning BCR shall not be permitted after the start date of the competition.

5.1.1.2. **Adjusted Baseline Costs.** Adjusted Baseline Costs shall be based on decisions made between the public-private competition's start date and end date (i.e., date of the performance decision) that may alter the baseline costs identified in the Preliminary Planning Baseline Costs. The Adjusted Baseline Costs shall reflect changes to the Preliminary Planning Baseline Costs resulting from (a) modifications to the scope of the competition, (b) the requirements stated in the final solicitation such as performance periods and common costs, (c) revised cost factors, (d) updates to COMPARE such as cost factor changes and version updates, and (e) erroneous information or data. After the competition's start date but prior to the end date, a DoD Component shall create a COMPARE file to develop, calculate, document, and certify the Adjusted Baseline Costs as of the performance decision date. Changes to a certified Adjusted BCR shall not be permitted after the performance decision date.

5.1.2. **Guidance for Specific Types of Costs.** A DoD Component shall use workload data and non-workload data to calculate the Preliminary Planning Baseline Costs and Adjusted Baseline Costs. These data include government personnel costs, material and supplies, other specifically attributable costs (e.g., assets, rent, utilities, existing contracts), overhead, and additional costs.

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5.1.2.1. **Normalized Costs.** A DoD Component shall not normalize baseline costs data.

5.1.2.2. **Shared Costs** A DoD Component shall identify shared costs in the Preliminary Planning Baseline Costs and Adjusted Baseline Costs based on the percentage of usage by the commercial activity identified in the scope of the competition. This percentage shall be allocated to the activity in the scope of the competition and documented in Preliminary Planning Baseline Costs and Adjusted Baseline Costs.

5.1.2.3. **Common Costs² and Government Furnished Property (GFP).** See Attachment D to the Circular.

5.1.2.3.1. **Preliminary Planning Baseline Costs.** The determination of common costs and GFP occurs during solicitation development; therefore, a DoD Component shall include all costs associated with the commercial activity identified in the scope of the competition in the Preliminary Planning Baseline Costs.

5.1.2.3.2. **Adjusted Baseline Costs.** When a solicitation includes common costs and GFP, a DoD Component shall document each common cost and GFP element and its associated dollar value. A DoD Component shall not include these common costs or GFP in the Adjusted Baseline Costs, but shall retain the common costs and GFP documentation in the competition file.

5.1.2.4. **Prorated Costs.**

5.1.2.4.1. **Preliminary Planning Baseline Costs.** Since Preliminary Planning Baseline Costs are estimated based on the timeframes required by paragraph 5.1.4.1., a DoD Component shall not prorate Preliminary Planning Baseline Costs for a period of less than one year.

5.1.2.4.2. **Adjusted Baseline Costs.** A DoD Component shall prorate Adjusted Baseline Costs for any performance period that is less than a full year. COMPARE automatically prorates costs for performance periods less than one year for Adjusted Baseline Costs.

5.1.2.5. **Inflation.**

5.1.2.5.1. **Preliminary Planning Baseline Costs.** A DoD Component shall not inflate Preliminary Planning Baseline Costs since these costs represent the actual historical costs for the commercial activity.

² Examples of common costs include GFP, security clearances, and joint inventories.

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5.1.2.5.2. **Adjusted Baseline Costs.** A DoD Component shall inflate Adjusted Baseline Costs in accordance with the solicitation and this policy. COMPARE automatically inflates the Adjusted Baseline Costs based on the cost factor tables in COMPARE.

5.1.3. **Requirements.**

5.1.3.1. **Preliminary Planning Baseline Costs.** A DoD Component shall rely on actual, historical organization, and cost data to prepare Preliminary Planning Baseline Costs. A DoD Component shall reflect costs for (a) the recurring requirements for the commercial activity identified for competition, (b) costs for special and unusual requirements (e.g., surges, natural disasters, mobilization) occurring during the baseline costs data timeframe (paragraph 5.1.4.), and (c) the appropriate allocation of known recurring requirements not encountered during the baseline costs data timeframe based on their historical occurrence. Examples of special and unusual requirements include the costs of facility maintenance and repair, equipment replacement and maintenance, materials and supplies ordered in excess of a 12-month supply, workman's compensation, and equal employment opportunity complaints.

5.1.3.2. **Adjusted Baseline Costs.** Adjusted Baseline Costs shall be developed consistent with the requirements stated in the solicitation.

5.1.3.3. **Excluded Requirements.** If the Preliminary Planning Baseline Costs identify costs for a requirement that is determined to be an "excluded requirement" during development of the solicitation, a DoD Component shall not include the costs for this "excluded requirement" in the Adjusted Baseline Costs. Preliminary Planning Baseline Costs and Adjusted Baseline Costs shall not include costs for work that has been exempted from competition, inherently governmental work, conducting the public-private competition, retained pay, and separation incentive programs, and agency separation and retirement incentive programs such as Volunteer Separation Incentive Pay (VSIP) or Volunteer Early Retirement Authority (VERA) (Attachment C to the Circular).

5.1.3.4. **Eliminated Requirements.** If the Preliminary Planning Baseline Costs identify costs for a requirement that is determined to be an "eliminated requirement" during development of the solicitation, a DoD Component shall **not** exclude the costs for this "eliminated requirement" in the Adjusted Baseline Costs. Eliminated requirements are the result of refining what the government needs to purchase when a solicitation is developed and are, therefore, attributable to the performance of the public-private competition. The eliminated requirements and the associated cost savings for eliminating the requirement shall be documented as such in the Adjusted Baseline Costs. For example, preliminary planning identifies the scope of an activity's competition, which includes a routine requirement to submit a weekly activity report at a cost of \$2,000 per report; however, during analyses to develop the solicitation, it is determined that this report is no longer necessary. Therefore, the requirement to submit the report, and the associated savings of \$104K, are reflected in the Adjusted Baseline Costs as an eliminated requirement.

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5.1.4. Timeframes and Performance Periods.

5.1.4.1. **Preliminary Planning Baseline Costs.** A DoD Component shall reflect one year of performance by selecting one of the following timeframes upon which to develop baseline costs for a specific competition: (a) a 12-month period ending no more than one year before the competition's start date, or (b) a 12-month period that is the most current completed fiscal year. The baseline costs data entered into COMPARE are annual amounts that represent the selected timeframe.

5.1.4.2. **Adjusted Baseline Costs.** A DoD Component shall reflect the performance periods stated in the solicitation.

5.2. CALCULATING BASELINE COSTS.

5.2.1. **Personnel Costs (BCR Line 1).** A DoD Component shall identify the personnel costs for government personnel in the Preliminary Planning Baseline Costs and Adjusted Baseline Costs and reflect these costs on BCR Line 1. DoD Components shall categorize personnel costs under the appropriate Source of Manpower: (1) authorized manpower allocated to the activity or (2) supplemental manpower supporting the activity.

5.2.1.1. Sources of Manpower.

5.2.1.1.1. **Authorized Manpower.** BCR Line 1 shall include the costs for manpower authorizations allocated to the activity, which includes positions that are staffed by government personnel as well as positions waiting for staffing (vacant positions). These costs shall be estimated by identifying the total annual available labor hours by grade (including non-productive hours³) for civilian and military authorized manpower. Civilian manpower includes but is not limited to assigned, permanent, temporary, part-time, intermittent, seasonal, borrowed, detailed, overhire, foreign national direct hire, and foreign national indirect hire.

5.2.1.1.2. **Supplemental Manpower.** BCR Line 1 shall include any costs for supplemental manpower supporting the activity being competed. These costs shall be calculated by identifying the total annual available labor hours by grade (including non-productive hours) for civilian and military manpower. Civilian manpower includes but is not limited to assigned, permanent, temporary, part-time, intermittent, seasonal, borrowed, detailed, overhire, foreign national direct hire, and foreign national indirect hire, as well as nonappropriated fund civilian personnel.

³ To account for non-productive hours in leap years, COMPARE uses 2,087 as the annual available hours for an FTE in lieu of the Circular's 2,080.

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5.2.1.2. Government Personnel.

5.2.1.2.1. Civilian Personnel Costs. A DoD Component shall use a factor of 2,087⁴ annual available hours to calculate DoD's baseline costs for the civilian workforce (authorized manpower and supplemental manpower) that is performing the activity included in the scope of the competition. The number of civilian positions (authorized manpower and supplemental manpower) shall be calculated by grade as follows: (1) identify the total number of annual available hours of work performed by the civilian workforce in a specific grade for the past 12 months, (2) calculate the number of civilian positions by dividing the total number of annual available hours by 2,087 (annual available hours), and (3) compute the per position cost based on 2,087 annual available hours in accordance with the costing requirements in the Circular. DoD Components shall not express civilian personnel costs as full time equivalents (FTE) using 1,776 annual productive hours⁵. The following example, based on GS-09 employees, provides the methodology to calculate civilian personnel costs for BCR Line 1:

EXAMPLE: DETERMINING BASELINE COSTS FOR CIVILIANS			
Step 1. Determine Total Annual Labor Hours: Identify the total number of annual available hours for the work performed by the civilian workforce (authorized manpower and supplemental manpower) for the past 12 months.			
Authorized Manpower			
11 civilian	Staffed by permanent civilians who performed fulltime for 12 months	$11 \times 2,087 =$	22,957
1 civilian	Vacant for 12 months	$1 \times 2,087 =$	2,087
Subtotal			25,044
Supplemental Manpower			
1 civilian	1 term civilian who performed fulltime for 3 months	$3 \times (2,087/12) =$	522
2 civilians	2 temporary civilians who each performed 160 part-time hours	$160 \times 2 =$	320
Subtotal			842
Total Annual Labor Hours			25,886
Step 2. Determine the Number of Civilian Positions: Calculate the number of civilian positions by dividing the number of annual available hours for the work performed by the factor for annual available hours			
$25,886/2,087 = 12.40$ civilian positions			
Step 3. Determine the Baseline Civilian Personnel Costs: Compute the per position cost in COMPARE in accordance with the Circular. COMPARE automatically calculates these costs.			

5.2.1.4. Military Personnel Costs. Military manpower is not identified in terms of FTEs⁶. Military positions are determined based on a DoD Component's military productive hours labor rate (includes annual leave, sick leave, administrative leave, training and other non-productive hours). The military labor costs are calculated using the Military Composite Rate Billable to Non-DoD Activities.

⁴ Annual available hours includes non-productive work hours such annual leave, sick leave, administrative leave, training, and other nonproductive hours.

⁵ When developing an agency cost estimate, the civilian personnel cost calculation requirements of the Circular are to (1) determine the total number of annual productive hours necessary to perform the requirements stated in the solicitation, (2) calculate the number of FTEs by dividing the total number of annual productive hours by 1,776 annual productive hours, and (3) compute the per FTE cost based on 2,087 annual available hours.

⁶ The Circular's definition of FTE excludes military personnel, uniformed services, and contract support.

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5.2.1.5. Other Costs. For existing contracts that are included in the scope of the competition, BCR Line 1 shall also include the costs for contract administration, inspection and surveillance of these contracts. Government personnel costs that are shared with another activity that is not included in the scope of the competition shall be calculated as described in paragraph 5.1.2.2. Examples of such shared costs include indirect labor, supervision, administrative support, quality control⁷, administration and inspection⁸ and contract administration and surveillance⁹ of awarded contracts.

5.2.2. Material and Supply Costs (BCR Line 2). A DoD Component shall identify material and supply costs in the Preliminary Planning Baseline Costs and Adjusted Baseline Costs and reflect these costs on BCR Line 2. Costs for material and supplies shared by multiple activities including the commercial activity included in the public-private competition shall be calculated as described in paragraph 5.1.2.2. above. Examples of shared material and supply costs include administrative supply costs, bulk purchases of material, supply transportation costs, etc. Material and supply costs used by the commercial activity during the timeframe specified in paragraph 5.1.4.1. shall not be excluded from Preliminary Planning Baseline Costs even these costs are expected to be identified as common costs or GFP in the solicitation (paragraph 5.1.2.3.).

5.2.3. Other Specifically Attributable Costs (BCR Line 3).

5.2.3.1. Standard Competition. When performing a standard competition, a DoD Component shall identify other specifically attributable costs in the Preliminary Planning Baseline Costs and Adjusted Baseline Costs and reflect these costs on BCR Line 3. Other specifically attributable costs include costs that are used to perform the commercial activity such as facilities, equipment, services, depreciation, cost of capital, rent, utilities, insurance, travel, existing contracts, maintenance and repair, and other costs. Other specifically attributable costs, if shared by multiple activities including the commercial activity identified in the public-private competition, shall be calculated as described in paragraph 5.1.2.2. Cost data for existing contracts included in the scope of the competition shall be included on BCR Line 3 and documented as an MEO subcontract. Other specifically attributable costs used by the commercial activity during the timeframe specified in paragraph 5.1.4.1. shall not be excluded from Preliminary Planning Baseline Costs even if identified as common costs or GFP in the solicitation (paragraph 5.1.2.3.).

⁷ The baseline costs for quality control include labor for the internal staffing and procedures that the service provider uses to meet the quality, quantity, timeliness, responsiveness, customer satisfaction, and other service delivery requirements.

⁸ The baseline costs for administration and inspection include labor for assessing the adequacy of the service provider in complying with established procedures, regulations, or other guidance (e.g., Staff Assistance Visits, Internal Reviews).

⁹ The baseline costs for contract administration and surveillance of subcontracts includes labor and other costs necessary to perform administration (e.g., validating and processing invoices, negotiating changes) and surveillance of subcontracts for compliance with the requirements of the contract.

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5.2.3.2. Streamlined Competition. When performing a streamlined competition, a DoD Component shall limit other specifically attributable costs to awarded contracts identified in the scope of the competition in the Preliminary Planning Baseline Costs and Adjusted Baseline Costs and reflect these costs on BCR Line 3.

5.2.4. Overhead Costs (BCR Line 4). A DoD Component shall include overhead costs in Preliminary Planning Baseline Costs and Adjusted Baseline Costs and reflect these costs on BCR Line 4. COMPARE automatically calculates overhead costs based on the civilian personnel costs (including fringe benefit costs) entered on BCR Line 1 times the standard cost factor for overhead of 12 percent.

5.2.5. Additional Costs (BCR Line 5).

5.2.5.1. Standard Competition. For a standard competition, a DoD Component shall identify additional costs in Preliminary Planning Baseline Costs and Adjusted Baseline Costs and reflect these costs on BCR Line 5. These additional costs are costs attributable to unusual and/or special circumstances (e.g., office and plant rearrangements, re-warehousing actions due to gain or loss of facilities). Such costs, if shared by multiple activities including the commercial activity included in the public-private competition, shall be calculated as described in paragraph 5.1.2.2.

5.2.5.2. Streamlined Competition. For a streamlined competition, a DoD Component shall not identify additional costs in Preliminary Planning Baseline Costs and Adjusted Baseline Costs and no costs shall be reflected on BCR Line 5.

5.2.6. Total Cost of Performance (BCR Line 6). A DoD Component shall identify the total cost of performance in Preliminary Planning Baseline Costs and Adjusted Baseline Costs and reflect these costs on BCR Line 6. COMPARE automatically calculates the total cost of performance based on the total of BCR Lines 1-5.

5.3. DOCUMENTING BASELINE COSTS.

5.3.1. Baseline Costs Report. DoD Components shall prepare and certify a Preliminary Planning BCR to document the Preliminary Planning Baseline Costs, and an Adjusted BCR to document the Adjusted Baseline Costs.

5.3.2. COMPARE File. Separate COMPARE files (as supplemented by supporting documentation) shall document data used to develop the Preliminary Planning Baseline Costs and Adjusted Baseline Costs and to create the Preliminary Planning BCR and Adjusted BCR.

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5.3.3. Supporting Documentation. When supporting documentation is too large to be included in the COMPARE file, the supporting documentation shall be referenced in the Preliminary Planning Baseline Costs or Adjusted Baseline Costs COMPARE file and retained in the competition file.

5.3.4. Competition File. The COMPARE file and BCR for Preliminary Planning Baseline Costs and Adjusted Baseline Costs and all supporting documentation shall be included in the competition file. References to supporting documentation in the competition file in lieu of the actual documentation shall not be permitted.

5.4. CERTIFYING BASELINE COSTS.

5.4.1. Baseline Costing Official.

5.4.1.1. Appointment. A DoD Component shall appoint, in writing, a Baseline Costing Official who is responsible for developing the Preliminary Planning Baseline Costs and Adjusted Baseline Costs, and certifying the Preliminary Planning BCR and Adjusted BCR.

5.4.1.1.1. Standard Competition. The Baseline Costing Official shall be the PWS Team Leader, or a member of or advisor to the PWS Team. The agency tender official, an individual who advises the agency tender official, or an individual who participates as a member of or advisor to the MEO Team or by assisting with the development of any aspect of the agency tender (e.g., MEO, agency cost estimate) shall not be appointed as the Baseline Costing Official. The Baseline Costing Official may participate on the Source Selection Evaluation Board (SSEB).

5.4.1.1.2. Streamlined Competition. The Baseline Costing Official shall not be the individual preparing or an individual with knowledge of the costs on SLCF Lines 1-6.

5.4.1.2. Support. Individuals may support the Baseline Costing Official to develop the Preliminary Planning Baseline Costs and Adjusted Baseline Costs as follows.

5.4.1.2.1. Standard Competition. The agency tender official, an individual who advises the agency tender official, or an individual who participates as a member of or advisor to the MEO Team or by assisting with the development of any aspect of the agency tender (e.g., MEO, agency cost estimate), shall not provide support to the Baseline Costing Official by participating in the development of the Preliminary Planning Baseline Costs and Adjusted Baseline Costs. Individuals participating in the development of the Preliminary Planning Baseline Costs and Adjusted Baseline Cost may be the PWS Team Leader, members of or advisors to the PWS Team, or members of or advisors to the Source Selection Evaluation Board (SSEB).

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5.4.1.2.2. **Streamlined Competition.** For a streamlined competition, individuals that support the Baseline Costing Official shall not be individuals who prepare, or have knowledge of the costs on SLCF Lines 1-6.

5.4.2. **Baseline Costing Certification.** Based on the COMPARE file and supporting documentation contained in the competition file used to develop, calculate, and document the Preliminary Planning Baseline Costs, a DoD Component shall certify these baseline costs on a Preliminary Planning BCR as of the start date of the competition. Based on the COMPARE file and supporting documentation contained in the competition file used to develop, calculate, and document the Adjusted Baseline Costs, a DoD Component shall certify these baseline costs on an Adjusted BCR as of the end date of the competition.

5.4.2.1. **Preliminary Planning Baseline Costs Certification.** The Baseline Costing Official certifies the Preliminary Planning Baseline Costs by signing the following Preliminary Planning BCR certification statement: I certify that, to the best of my knowledge this Preliminary Planning Baseline Costs Report and its supporting documentation (e.g., COMPARE file, source documents, working papers, data sources, and written rationale): (a) will be included in the competition file, (b) is accurate and calculated in accordance with the Circular and DoD Baseline Costing Policy and (c) reflects an estimate of the government's baseline costs for operating the commercial activities included in the scoping and grouping decisions made during preliminary planning for the public-private competition. I further certify that I will not participate in this public-private competition as, or advisor to, the agency tender official; as a member of, or advisor to, the most efficient organization (MEO) Team; or by assisting with the development of any aspect of the agency tender (e.g., MEO, agency cost estimate).

5.4.2.2. **Adjusted Baseline Costs Certification.** The Baseline Costing Official certifies the Adjusted Baseline Costs by signing the following Adjusted BCR certification statement: I certify that, to the best of my knowledge this Adjusted Baseline Costs Report and its supporting documentation (e.g., COMPARE file, source documents, data sources, working papers, written rationale) is: (a) is included in the competition file, (b) is accurate and calculated in accordance with the Circular and DoD Baseline Costing Policy, (c) represents an amended Preliminary Planning Baseline Costs Report and (d) reflects an estimate of the government's baseline costs for operating the commercial activities included in this public-private competition as defined by the final solicitation requirements and performance decision. I further certify that I have not participated in this public-private competition as, or advisor to, the agency tender official; as a member of, or advisor to, the most efficient organization (MEO) Team; or by assisting with the development of any aspect of the agency tender (e.g., MEO, agency cost estimate).

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5.5. REPORTING BASELINE COSTS.

5.5.1. DCAMIS. A DoD Component shall report the data from the Preliminary Planning BCR Lines 1-6 and Adjusted BCR Lines 1-6 in DCAMIS.

5.5.2. Start Date. Within one week of the start date (public announcement) of a public-private competition, a DoD Component shall identify the competition's Preliminary Planning Baseline Costs in the competition's DCAMIS record.

5.5.3. End Date. Within one week of the end date (performance decision) of a public-private competition, a DoD Component shall identify the competition's Adjusted Baseline Costs in the competition's DCAMIS record.

5.6. SPECIAL CONSIDERATIONS.

5.6.1. Release of Information. A DoD Component shall not require the use of the Freedom of Information Act (FOIA) to release baseline costs and any information related to the "as-is" organization to the public. The COMPARE file, BCR, and supporting documentation used to develop the Preliminary Planning Baseline Costs shall be made available to the public (including the agency tender official) within one week of the start date of the competition. The COMPARE file, BCR, and supporting documentation used to develop the Adjusted Baseline Costs shall be made available to the public (including the agency tender official) within one week of the end date of the competition. DoD Components shall not redact any information in the COMPARE file, BCR, and supporting documentation used to develop the Preliminary Planning Baseline Costs and the Adjusted Baseline Costs when making these baseline costs available to the public (including the agency tender official).

5.6.2. Caveat. The BCR (for either Preliminary Planning Baseline Costs or Adjusted Baseline Costs) is not a funding document as it represents estimated costs for the incumbent service provider performing the requirements identified in the scope of the public-private competition. COMPARE automatically caveats the BCRs with a statement indicating that the baseline costs data do not reflect budget, restricted, procurement sensitive, or information related to the agency tender cost estimate.

5.6.3. Independent Government Estimate (IGE). The Preliminary Planning BCR is not procurement sensitive and does not represent the IGE, although it may be used to support development of the IGE. The IGE, however, is procurement sensitive and is developed in accordance with the Federal Acquisition Regulation (FAR).

Enclosures:

1. Definitions
2. Preliminary Planning BCR (example)
3. Adjusted BCR (example)

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ENCLOSURE 1
DEFINITIONS

Adjusted Baseline Costs. The baseline costs estimate for a commercial activity that is the subject of a public-private competition which reflects the requirements stated in the solicitation.

Adjusted Baseline Costs Report. The COMPARE report that identifies the baseline costs estimate for a commercial activity that is the subject of a public-private competition which reflects the requirements stated in the solicitation.

Authorized Manpower. Military and civilian funded positions (billets) authorized, funded through appropriated funds, and allocated to a function. Manpower is a collective term representing the “manpower authorizations” (government positions that are authorized and funded for employment) allocated to perform “manpower requirements” (what is required, the function/commercial activity). Manpower authorizations are funded positions expressed in terms of one year of full-time workload. Some terms used synonymously with manpower authorizations are authorized end strength; distributable billets; force structure allowance; force structure authorizations; funded peacetime authorizations; manning levels; programmed manning; authorizations; positions; and military and/or civilian positions.

Baseline Costing Official. The DoD official that is responsible for certifying that the Preliminary Planning Baseline Costs and Adjusted Baseline Costs are accurate.

Baseline Costs. The costs associated with and necessary to provide all of the requirements for the commercial activities identified in the scope of a public-private competition.

Baseline Cost Estimates. The estimates of baseline costs reflected in either Preliminary Planning Baseline Costs or Adjusted Baseline Costs.

Baseline Cost Report (BCR). The COMPARE report that identifies either the Preliminary Planning Baseline Costs estimate or Adjusted Baseline Costs estimate for a commercial activity that is the subject of a public-private competition.

COMPARE File. An electronic file generated in COMPARE to document the baseline costs and supporting documentation that is necessary to create a BCR.

DoD Commercial Activities Management Information System. The DoD web-based automated execution system that tracks each public-private competition.

Eliminated Requirement. A government requirement that is (a) identified in the scope of the competition during preliminary planning, (b) not in the solicitation, (c) no longer needed by the government, (d) not performed by any service provider for the government, and (e) not funded by the government.

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Excluded Requirement. A government requirement that is (a) identified in the scope of the competition during preliminary planning, (b) not in the solicitation, (c) a continuing government requirement that is no longer identified in the scope of the competition, (d) performed by a service provider, and (e) funded by the government.

Indirect Labor. Labor that does not accomplish any tasks in the commercial activity included in the scope of the competition but does provide support to the positions in the commercial activity. Examples of indirect labor include labor for human resources, training, and travel. Normally indirect labor is distributed across multiple activities.

Normalized Costs. Costs that are adjusted for variances or spikes.

Preliminary Planning Baseline Costs. The baseline costs estimate for a commercial activity that will be subject to a public-private competition which reflects the activity's "as-is" requirements.

Preliminary Planning Baseline Costs Report. The COMPARE report that identifies the baseline costs estimate for a commercial activity that will be the subject of a public-private competition which reflects the activity's "as is" requirements.

Prorated Costs. Costs that are adjusted to reflect less than one full year of performance.

Public-Private Competition. A standard or streamlined competition performed in accordance with the Circular.

Shared Costs. A proportionate distribution of costs that are jointly used by multiple activities (e.g., facility maintenance, utilities, supplies, equipment, vehicles, support contracts, supervision, human resources, payroll, training, contract administration).

Sources of Manpower. Manpower that performs the activity included in the scope of the competition that is categorized as either Authorized Manpower or Supplemental Manpower.

Supplemental Manpower. Military and civilian funded or unfunded positions not allocated to the function that are necessary to supplement the function's authorized manpower in order to perform the function's requirements. Supplemental manpower is provided from activities that are not within the scope of the competition and may include nonappropriated fund resources.

Supporting Documentation. Records that include, but are not limited to, source documents, data sources, working papers, and written rationale for decisions, including the use of Component-specific costs data, used in the development of Preliminary Planning Baseline Costs and Adjusted Baseline Costs.

SUBJECT: Baseline Costing For Public-Private Competitions

ENCLOSURE 2

EXAMPLE PRELIMINARY PLANNING BASELINE COSTS REPORT

BASELINE COSTS REPORT: PRELIMINARY PLANNING BASELINE COSTS

Agency: DEPARTMENT OF DEFENSE

Competition Number: 123456

Competition Location: PENTAGON, ARLINGTON, VA

Agency Component: WASHINGTON HEADQUARTERS SERVICE

Competition Title: PEST MANAGEMENT

Competition Type: STANDARD COMPETITION

Performance Period	Line 1 Personnel Costs	Line 2 Material and Supply Costs	Line 3 Other Specifically Attributable Costs	Line 4 Overhead Costs	Line 5 Additional Costs	Line 6 Total Cost of Performance
1 10/1/2003 -09/30/2004	1,905,865	6,923	202,047	228,703.8	13,845	2,357,384
Totals	1,905,865	6,923	202,047	228,703.8	13,845	2,357,384

PRELIMINARY PLANNING BASELINE COSTS CERTIFICATION BY BASELINE COSTING OFFICIAL I certify that, to the best of my knowledge this Preliminary Planning Baseline Costs Report and its supporting documentation (e.g., COMPARE file, source documents, working papers, data sources, and written rationale): (a) will be included in the competition file, (b) is accurate and calculated in accordance with the Circular and DoD Baseline Costing Policy and (c) reflects an estimate of the government's baseline costs for operating the commercial activities included in the scoping and grouping decisions made during preliminary planning for the public-private competition. I further certify that I will not participate in this public-private competition as, or advisor to, the agency tender official; as a member of, or advisor to, the most efficient organization (MEO) Team; or by assisting with the development of any aspect of the agency tender (e.g., MEO, agency cost estimate).

Baseline Costing Official's Signature: _____ **Date:** _____

<i>Printed Full Name:</i>	<i>Title:</i>	<i>Phone #:</i>
<i>Agency (Component):</i>		

NOTICE: BASELINE COSTS DO NOT REFLECT BUDGET, RESTRICTED, PROCUREMENT SENSITIVE OR OTHER INFORMATION RELATED TO THE AGENCY TENDER COST ESTIMATE.

SUBJECT: Baseline Costing For Public-Private Competitions

ENCLOSURE 3

EXAMPLE ADJUSTED BASELINE COSTS REPORT

BASELINE COSTS REPORT: ADJUSTED BASELINE COSTS

Agency: DEPARTMENT OF DEFENSE

Competition Number: 123456

Competition Location: PENTAGON, ARLINGTON, VA

Solicitation Closing Date: 5/1/2004

Agency Component: WASHINGTON HEADQUARTERS SERVICE

Competition Title: PEST MANAGEMENT

Competition Type: STANDARD COMPETITION

Solicitation Number: WHS-00-X-0000

Performance Periods			Line 1 Personnel Costs	Line 2 Material and Supply Costs	Line 3 Other Specifically Attributable Costs	Line 4 Overhead Costs	Line 5 Additional Costs	Line 6 Total Cost of Performance
1	11/3/2004	11/2/2005	1,905,865	6,923	202,047	228,703.8	13,845	2,357,384
2	11/3/2005	11/2/2006	3,719,545	10,690	238,902	446,345	18,690	4,434,172
3	11/3/2006	11/2/2007	3,689,259	12,000	258,745	442,711	20,000	4,422,715
4	11/3/2007	11/2/2008	3,088,110	12,000	258,532	370,573	20,000	3,749,215
5	11/3/2008	11/2/2009	2,996,368	12,000	226,686	359,564	20,000	3,614,618
6	11/3/2009	6/30/2010	1,907,599	8,914	158,816	228,912	16,228	2,320,469
Totals			17,306,746	62,527	1,343,728	2,076,809	108,763	20,898,573

ADJUSTED BASELINE COSTS CERTIFICATION BY BASELINE COSTING OFFICIAL: The Baseline Costing Official certifies the Adjusted Baseline Costs by signing the following Adjusted BCR certification statement: I certify that, to the best of my knowledge this Adjusted Baseline Costs Report and its supporting documentation (e.g., COMPARE file, source documents, data sources, working papers, written rationale) is: (a) is included in the competition file, (b) is accurate and calculated in accordance with the Circular and DoD Baseline Costing Policy, (c) represents an amended Preliminary Planning Baseline Costs Report and (d) reflects an estimate of the government's baseline costs for operating the commercial activities included in this public-private competition as defined by the final solicitation requirements and performance decision. I further certify that I have not participated in this public-private competition as, or advisor to, the agency tender official; as a member of, or advisor to, the most efficient organization (MEO) Team; or by assisting with the development of any aspect of the agency tender (e.g., MEO, agency cost estimate).

Baseline Costing Official's Signature: _____ **Date:** _____

Printed Full Name:	Title:	Phone #:
Agency (Component):		

Printed: 11/30/2004 8:30:37 PM (Version 2.1)

Competition Number: 123456

NOTICE: BASELINE COSTS DO NOT REFLECT BUDGET, RESTRICTED, PROCUREMENT SENSITIVE OR OTHER INFORMATION RELATED TO THE AGENCY TENDER COST ESTIMATE.